

**Quarterly Consolidated Financial Statements
(Unaudited)**

Elpida Memory, Inc. and Consolidated Subsidiaries

*At September 30, 2009, and
Three-month and six-month periods ended September 30, 2008 and 2009*

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Financial Statements

At September 30, 2009, and
Three-month and six-month periods ended September 30, 2008 and 2009

Contents

Quarterly Consolidated Balance Sheet (Unaudited)	1
Quarterly Consolidated Statements of Operations (Unaudited)	3
Quarterly Consolidated Statements of Cash Flows (Unaudited)	5
Notes to Quarterly Consolidated Financial Statements	7

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Balance Sheet (Unaudited)

	March 31, 2009	September 30, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Assets			
Current assets:			
Cash and time deposits	¥ 113,847	¥ 123,384	\$ 1,367,742
Notes and accounts receivable, trade	53,894	84,129	932,591
Accounts receivable, other	21,904	3,353	37,169
Allowance for doubtful accounts	(4,541)	(4,192)	(46,469)
Finished goods	35,872	44,684	495,333
Semi-finished goods	5,349	6,554	72,653
Raw materials	2,158	2,190	24,277
Work in process	20,227	21,751	241,115
Supplies	2,406	2,214	24,543
Other current assets	27,176	27,522	305,088
Total current assets	<u>278,292</u>	<u>311,589</u>	<u>3,454,042</u>
Property, plant and equipment:			
Buildings and structures	109,002	116,830	1,295,089
Machinery and equipment	873,158	884,796	9,808,181
Furniture and fixtures	52,910	49,493	548,642
Land	4,362	4,451	49,340
Construction in progress	32,231	17,923	198,681
	<u>1,071,663</u>	<u>1,073,493</u>	<u>11,899,933</u>
Accumulated depreciation	(404,218)	(442,686)	(4,907,283)
Property, plant and equipment, net	<u>667,445</u>	<u>630,807</u>	<u>6,992,650</u>
Investments and other assets:			
Goodwill	1,418	1,239	13,735
Software	6,285	6,593	73,085
Investment securities	2,317	2,103	23,312
Long-term prepaid expenses	7,432	12,790	141,780
Deferred income taxes	562	192	2,128
Other assets	1,538	2,123	23,534
Total investments and other assets	<u>19,552</u>	<u>25,040</u>	<u>277,574</u>
Total assets	<u>¥ 965,289</u>	<u>¥ 967,436</u>	<u>\$10,724,266</u>

	March 31, 2009	September 30, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Liabilities and net assets			
Current liabilities:			
Short-term borrowings	¥ 2,880	¥ 3,906	\$ 43,299
Current portion of long-term debt	165,048	167,943	1,861,689
Current portion of obligation under capital leases	21,869	22,864	253,453
Accounts payable, trade	48,301	60,605	671,821
Accounts payable, other	50,551	32,129	356,158
Accrued income taxes	649	1,033	11,451
Provisions	8,633	3,816	42,301
Other current liabilities	12,692	14,327	158,819
Total current liabilities	<u>310,623</u>	<u>306,623</u>	<u>3,398,991</u>
Long-term liabilities:			
Long-term debt	327,008	308,075	3,415,087
Obligation under capital leases	50,629	53,838	596,807
Provisions	5,996	5,873	65,104
Other long-term liabilities	4,564	4,777	52,955
Total long-term liabilities	<u>388,197</u>	<u>372,563</u>	<u>4,129,953</u>
Total liabilities	698,820	679,186	7,528,944
Net assets:			
Shareholders' equity:			
Common stock:			
Issued at March 31, 2009			
– 141,601,419 shares	158,665	–	–
Issued at September 30, 2009			
– 196,601,419 shares	–	188,860	2,093,559
Preferred stock:			
Issued at September 30, 2009			
– 3,000,000 shares	–	15,000	166,279
Additional paid-in capital	169,707	214,902	2,382,241
Retained earnings	(144,862)	(196,477)	(2,177,996)
Treasury stock			
March 31, 2009 – 1,315 shares	(5)		
September 30, 2009 – 1,365 shares		(5)	(55)
Total shareholders' equity	<u>183,505</u>	<u>222,280</u>	<u>2,464,028</u>
Valuation and translation adjustments:			
Unrealized losses on investment securities	(453)	(511)	(5,665)
Deferred losses on hedges	(300)	(178)	(1,973)
Translation adjustments	(15,457)	(17,447)	(193,404)
Total valuation and translation adjustments	<u>(16,210)</u>	<u>(18,136)</u>	<u>(201,042)</u>
Share subscription rights	242	276	3,060
Minority interests	98,932	83,830	929,276
Total net assets	<u>266,469</u>	<u>288,250</u>	<u>3,195,322</u>
Total liabilities and net assets	<u>¥ 965,289</u>	<u>¥ 967,436</u>	<u>\$10,724,266</u>

See notes to quarterly consolidated financial statements.

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statements of Operations (Unaudited)

	Six-month period ended		
	September 30, 2008	September 30, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Net sales	¥222,803	¥168,424	\$ 1,867,021
Cost of sales	231,845	180,940	2,005,764
Gross loss	(9,042)	(12,516)	(138,743)
Selling, general and administrative expenses	31,064	28,966	321,095
Operating loss	(40,106)	(41,482)	(459,838)
Other income (expense):			
Interest income	309	206	2,284
Foreign exchange gains	1,282	–	–
Interest expense	(2,815)	(5,307)	(58,829)
Equity in losses of affiliated companies	(2,938)	–	–
Foreign exchange losses	–	(2,157)	(23,911)
Maintenance costs for idle assets	(803)	–	–
Reversal of allowance for doubtful accounts	–	128	1,419
Gain on sales of fixed assets	131	46	510
Loss on impairment of investment security	(1,895)	(155)	(1,718)
Loss on sales of fixed assets	(6)	(25)	(277)
Loss on disposal of fixed assets	(370)	(950)	(10,531)
Accrual for settlements and litigation	(631)	–	–
Impairment loss	–	(1,113)	(12,338)
Other expense, net	(648)	(3,306)	(36,649)
	(8,384)	(12,633)	(140,040)
Loss before income taxes and minority interests	(48,490)	(54,115)	(599,878)
Income taxes:			
Current	927	540	5,986
Deferred	(3,775)	257	2,849
	(2,848)	797	8,835
Loss before minority interests	(45,642)	(54,912)	(608,713)
Minority interests in net loss of consolidated subsidiaries	–	(3,297)	(36,548)
Net loss	¥ (45,642)	¥(51,615)	\$ (572,165)

See notes to quarterly consolidated financial statements.

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statements of Operations (Unaudited) (Continued)

	Three-month period ended		
	September 30,	September 30, 2009	
	2008		
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Net sales	¥113,582	¥ 95,854	\$ 1,062,565
Cost of sales	121,606	81,783	906,585
Gross profit (loss)	(8,024)	14,071	155,980
Selling, general and administrative expenses	16,460	13,242	146,791
Operating income (loss)	(24,484)	829	9,190
Other income (expense):			
Interest income	207	67	743
Rent income on facilities	–	87	964
Interest expense	(1,476)	(2,674)	(29,642)
Equity in losses of affiliated companies	(3,013)	–	–
Foreign exchange losses	(1,116)	(1,822)	(20,197)
Maintenance costs for idle assets	(182)	–	–
Gain on sales of fixed assets	123	28	310
Reversal of allowance for doubtful accounts	–	128	1,419
Impairment loss on investment security	(544)	5	55
Loss on sales of fixed assets	(3)	–	–
Loss on disposal of fixed assets	(339)	(674)	(7,471)
Accrual for settlements and litigation	(631)	–	–
Impairment loss on fixed assets	–	(100)	(1,109)
Other expense, net	(249)	(1,972)	(21,860)
	(7,223)	(6,927)	(76,787)
Loss before income taxes and minority interests	(31,707)	(6,098)	(67,598)
Income taxes:			
Current	500	475	5,265
Deferred	(334)	4	44
	166	479	5,310
Loss before minority interests	(31,873)	(6,577)	(72,908)
Minority interests in net income of consolidated subsidiaries	–	590	6,540
Net loss	¥ (31,873)	¥(7,167)	\$ (79,448)

See notes to quarterly consolidated financial statements.

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statements of Cash Flows (Unaudited)

	Six-month period ended		
	September 30,	September 30, 2009	
	2008	September 30, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Operating activities			
Loss before income taxes and minority interests	¥(48,490)	¥(54,115)	\$ (599,878)
Depreciation and amortization	51,730	61,137	677,719
Impairment loss on fixed assets	–	1,113	12,338
Increase (decrease) in provisions	2,307	(5,104)	(56,579)
Interest income	(309)	(206)	(2,284)
Interest expense	2,815	5,307	58,829
Foreign exchange losses	1,848	1,254	13,901
Equity in losses of affiliated companies	2,938	–	–
Gain on sales of fixed assets	(125)	(21)	(233)
Loss on disposal of fixed assets	370	950	10,531
Impairment loss on investment security	1,895	155	1,718
Increase in notes and accounts receivable, trade	(18,471)	(32,019)	(354,938)
Decrease (increase) in inventories	876	(11,761)	(130,374)
Decrease in accounts receivable, other	2,648	17,113	189,702
Increase in accounts payable, trade	5,924	12,821	142,124
Increase (decrease) in accounts payable, other	(2,660)	364	4,035
Other	10,012	(3,595)	(39,851)
Subtotal	13,308	(6,607)	(73,240)
Interest received	535	62	687
Interest paid	(2,863)	(5,324)	(59,018)
Commission paid for loan	–	(5,250)	(58,198)
Local government subsidy received	328	76	842
Settlement received	–	621	6,884
Compensation received on damage	–	579	6,418
Settlement paid	–	(531)	(5,886)
Income taxes paid	(838)	(674)	(7,471)
Net cash used in operating activities	10,470	(17,048)	(188,982)
Investing activities			
Disbursements for time deposits	(578)	(290)	(3,215)
Withdrawals of time deposits	639	145	1,607
Purchases of property, plant and equipment	(41,595)	(46,438)	(514,777)
Proceeds from sales of property, plant and equipment	16,769	367	4,068
Purchases of intangible assets	(1,127)	(1,391)	(15,420)
Purchase of investments in subsidiaries	–	(10,000)	(110,852)
Increase in long-term prepaid expenses	(1,486)	(1,774)	(19,665)
Payments of loans receivable	(15,942)	–	–
Other	(3)	42	466
Net cash used in investing activities	(43,323)	(59,339)	(657,788)

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statements of Cash Flows (Unaudited) (Continued)

	Six -month period ended		
	September 30,	September 30, 2009	
	2008	(Millions of yen)	(Thousands of U.S. dollars)
Financing activities			
Proceeds from short-term borrowings	–	2,037	22,581
Repayments for short-term debt	–	(873)	(9,677)
Proceeds from long-term debt	–	44,000	487,751
Repayments for long-term debt	(11,200)	(54,875)	(608,303)
Proceeds from issuance of stock	108	90,034	998,049
Proceeds from sale and lease-back transactions	32,831	17,905	198,481
Repayments of obligation under capital leases	(7,771)	(11,972)	(132,713)
Purchase of treasury stock	(1)	(0)	(0)
Net cash provided by (used in) financing activities	13,967	86,256	956,169
Effect of exchange rate changes on cash and cash equivalents	(456)	(455)	(5,044)
Net increase (decrease) in cash and cash equivalents	(19,342)	9,414	104,357
Cash and cash equivalents at beginning of period	96,955	113,699	1,260,381
Cash and cash equivalents at end of period	¥ 77,613	¥ 123,113	\$ 1,364,738

See notes to quarterly consolidated financial statements.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements

September 30, 2009

1. Basis of Presentation

The accompanying quarterly consolidated financial statements of Elpida Memory, Inc. (the “Company”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the quarterly consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The condensed consolidated balance sheet as of March 31, 2009, presented herein, is derived from the audited consolidated balance sheet. Certain amounts in the prior period’s financial statements have been reclassified to conform with the current period presentation. Certain information and note disclosures normally included in annual consolidated financial statements have been omitted pursuant to accounting principles for quarterly consolidated financial statements generally accepted in Japan. Therefore, quarterly consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes for the year ended March 31, 2009.

Amounts in U.S. dollars with respect to the quarterly and semi-annual consolidated financial statements for the three-month and six-month periods ended September 30, 2009 are included solely for the convenience of the readers. The rate of ¥90.21 = US\$1.00, the approximate rate of exchange in effect on September 30, 2009, has been used. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

2. Change in Significant Accounting Policies

Significant accounting policies for the six-month period ended September 30, 2008 are consistent with those applied in the consolidated financial statements for the year ended March 31, 2008, except for:

(1) Evaluation of Inventories

On July 5, 2006, the Accounting Standards Board of Japan (“ASBJ”) issued an Accounting Standard ASBJ Statement No. 9, “Accounting Standard for Measurement of Inventories,” which is effective for the year beginning on or after April 1, 2008. This standard requires that inventories held for sale in ordinary course of business be stated at the lower of cost or net selling value, which is defined as the selling price less

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

2. Change in Significant Accounting Policies (continued)

additional estimated manufacturing costs and direct selling expenses. Effective April 1, 2008, the Company and its domestic consolidated subsidiary have adopted this standard. There was no effect of this adoption on operating result.

(2) Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective for the year beginning on or after April 1, 2008, the Company has adopted the Practical Issues Task Force No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements," issued by the ASBJ on May 17, 2006. The effect of this adoption on operating result was inconsequential.

Significant accounting policies for the six-month period ended September 30, 2009 are consistent with those applied in the consolidated financial statements for the year ended March 31, 2009.

Note

Effective in the second quarter of the year ended March 31, 2010, one of the Company's domestic consolidated subsidiaries changed the useful lives of certain tangible and intangible fixed assets. It found that certain tangible and intangible fixed assets have physically used longer than the former estimated useful lives. Consequently, it reassessed the useful lives of fixed assets based on future production plan.

As a result of this change, operating loss and loss before income taxes and minority interests decreased by ¥922 million (\$10,221 thousand) and ¥970 million (\$10,753 thousand) respectively for the three-month and six-month periods ended September 30, 2009.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

3. Business Combination

Effective April 1, 2008, Hiroshima Elpida Memory, Inc., a 100% owned subsidiary of the Company, has merged into the Company.

(1) Purpose of Merger

The Company aimed to build a centralized management of technological development, manufacturing and sales activities to use business resources efficiently by fully merging its operations with its DRAM manufacturing subsidiary, Hiroshima Elpida Memory, Inc.

There is no issuance of new shares or increase in common stock associated with this merger since the Company directly owned 100% of its shares.

Assets of ¥478,995 million and liabilities of ¥476,963 million of Hiroshima Elpida Memory, Inc. have been carried to the Company.

(2) Method of Merger

In accordance with Paragraph 3 of Article 796 and Paragraph 1 of Article 784 in the Corporation Law in Japan, Hiroshima Elpida Memory, Inc. has merged into the Company and dissolved.

(3) Method of Accounting

The merger is accounted for as a transaction under common control according to “Accounting Standard for Business Combinations” (issued by the Business Accounting Council of Japan on October 31, 2003) and ASBJ Guidance No. 10, “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (revised by ASBJ on November 15, 2007).

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

4. Cash and Cash Equivalents

A reconciliation between cash and time deposits and cash and cash equivalents as of September 30, 2008 and 2009, related to the accompanying quarterly consolidated statements of cash flows, is as follows:

	September 30, 2008	September 30, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Cash and time deposits	¥78,183	¥123,384	\$1,367,742
Less:			
Time deposits with maturity in excess of three months	(570)	(271)	(3,004)
Cash and cash equivalents	¥77,613	¥123,113	\$1,364,738

5. Investment Securities

There were significant changes in balances of marketable securities classified as other securities during the six-month period ended September 30, 2009.

Marketable securities at September 30, 2009 are summarized as follows:

Description	September 30, 2009					
	Acquisition cost	Carrying value	Unrealized losses	Acquisition cost	Carrying value	Unrealized losses
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Equity securities	¥290	¥290	–	\$3,215	\$3,215	–

Note: The Company recognized an impairment loss of ¥155 million (\$1,666 thousand) for certain marketable securities for the six-month period ended September 30, 2009, due to the significant decline in fair value of the investment securities from the previous year.

The acquisition cost above represents the original acquisition cost less accumulated loss on impairment. The Company inevitably recognizes an impairment loss on investment security in case where the fair value at the end of quarter period declines by more than 50% from the acquisition cost. In case where the fair value declines by more than 30% but less than 50%, the Company may recognize an impairment loss taking the recoverable value into account.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

6. Pledged assets

There were significant changes in outstanding balances of pledged assets during the six-month period ended September 30 2009. The assets pledged as of September 30, 2009 were as follows.

	March 31, 2009	September 30, 2009			
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>			
Buildings and structures	¥17,796	¥89,574	(¥72,779)	\$992,950	(\$806,773)
Machinery and equipment	134,925	302,673	(186,659)	3,355,205	(2,069,161)
Land	–	4,000	(4,000)	44,341	(44,341)
Construction in progress	–	8,088	(8,088)	89,657	(89,657)
Total	¥152,721	¥404,335	(¥271,526)	4,482,153	(\$3,009,932)

Above assets are pledged as collateral for secured long-term debt of ¥310,969 million (\$3,447,168 thousand), including current portion.

Figures in parenthesis represent the assets relating to Company's Hiroshima plant foundation. The company set up the Hiroshima plant foundation for long-term borrowings based on loan agreement concluded on September 25, 2009 and existing long-term debts. The mortgage was placed on the assets included in the foundation.

7. Financial covenants

The Companies' interest-bearing debt includes financial covenants, with which the Companies are in compliance. The financial covenants as of September 30, 2009 are as follows. Failure to comply with those covenants would require the repayment. Where the covenants set several conditions, severer conditions are presented below.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

7. Financial covenants (continued)

Nature of covenants	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
(1) Maintenance covenants for net assets		
• In the event that the amount of net assets on the consolidated balance sheet in each year-end and 2 nd quarter is less than 75% compared to the respective previous point	¥ 226,912	\$2,515,375
• In the event that the amount of net assets, excluding deferred gains (losses) on hedges, share subscription rights and minority interests on the consolidated balance sheet in each year-end is less than ¥137.8 billion	14,000	155,193
• In the event that the amount of net assets on the balance sheet of certain subsidiary in each year-end and 2 nd quarter for two consecutive half-year periods is less than 75% compared to the respective previous point	43,245	479,381
• In the event that the amount of net assets on the balance sheet of certain subsidiary in each year-end is less than ¥7,824 million	1,050	11,640
Subtotal	¥ 285,207	\$3,161,589
(2) Maintenance covenants for profit		
• In the event that operating loss is recorded on the consolidated statements of operations for the year ended March 31, 2011	87,245	967,132
• In the event that net loss is recorded in the statements of operations of certain subsidiary for two consecutive fiscal years	1,050	11,640
	¥88,295	\$978,772
(3) Restriction covenants for financial leverage		
• In the event that the net debt equity ratio of certain subsidiary in each year-end and 2 nd quarter exceeds 1.5 times for two consecutive half-year periods.	¥ 43,245	\$479,381
(4) Maintenance of business restructuring plan		
• With respect to borrowings from main banks and Development Bank of Japan (DBJ) conducted at the end of second quarter 2009, the Company must maintain and achieve the business restructuring plan under Law on Special Measures for Industrial Revitalization.		

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

8. Net Assets

Common stock, preferred stock and additional paid-in capital

On August 31, 2009, the Company received proceeds from issuance of preferred stock by third party allotment to DBJ under the Law on Special Measures for Industrial Revitalization. The net proceeds of ¥30,000 million (\$332,557 thousand) were allocated ¥15,000 million (\$166,279 thousand) to preferred stock and the remaining amount of ¥15,000 million (\$166,279 thousand) to additional paid-in capital.

On September 24, 2009, the Company received proceeds from issuance of common stock through public offering. The net proceeds of ¥60,390 million (\$669,438 thousand) were allocated ¥30,195 million (\$334,719 thousand) to common stock and the remaining amount of ¥30,195 million (\$334,719 thousand) to additional paid-in capital.

As a result, common stock, preferred stock and additional paid-in capital as of September 30, 2009 are ¥188,860 million (\$2,093,559 thousand), ¥15,000 million (\$166,279 thousand) and ¥214,902 million (\$2,382,241 thousand) respectively.

9. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the six-month and three-month periods ended September 30, 2008 and 2009 are as follows:

	Six-month period ended		
	September 30, 2008	September 30, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Provision for allowance for doubtful accounts	¥ —	¥ 2	\$ 22
Payroll and bonuses	4,045	4,632	51,347
Provision for accrued bonuses	1,099	1,148	12,726
Retirement benefit expenses	402	443	4,911
Depreciation and amortization	2,531	3,084	34,187
Subcontractor fees	6,126	4,867	53,952
Prototype	5,323	3,927	43,532
Others	11,538	10,863	120,419
	¥31,064	¥28,966	\$321,096

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

9. Selling, General and Administrative Expenses (continued)

	Three-month period ended		
	September 30,		
	2008	September 30, 2009	
	(Millions of yen)	(Thousands of U.S. dollars)	
Provision for allowance for doubtful accounts	¥ –	¥ (812)	\$ (9,001)
Payroll and bonuses	2,042	2,328	25,806
Provision for accrued bonuses	552	572	6,341
Retirement benefit expenses	219	221	2,450
Depreciation and amortization	1,249	1,525	16,905
Subcontractor fees	3,541	2,661	29,498
Prototype	2,632	1,151	12,759
Others	6,225	5,596	62,033
	¥16,460	¥13,242	\$146,791

10. Derivative Financial Instruments

There were significant changes in outstanding balances of derivatives relating to foreign currency during the six-month period ended September 30, 2009. Derivatives relating to foreign currency as of September 30, 2009 are summarized as follows:

Classification	Description	September 30, 2009					
		Notional amount	Fair value	Gains (losses)	Notional amount	Fair value	Gains (losses)
		(Millions of yen)			(Thousands of U.S. dollars)		
Transactions other than market transactions	Forward foreign exchange contract:						
	Selling:						
	U.S. dollar	¥197	¥187	¥10	\$2,184	\$2,073	\$111
	NT dollar	0	0	0	0	0	0
	Buying:						
	U.S. dollar	990	992	2	10,974	10,997	22
	NT dollar	240	235	(5)	2,660	2,605	(55)
	Total			¥7			\$78

Note: Fair values at September 30, 2009 presented above were determined on market quotation.

11. Contingencies

A number of purported class actions and individual lawsuits were filed against the Company and other DRAM suppliers in the U.S. federal and state courts and in the provincial courts in Canada on behalf of direct and indirect purchasers of our DRAM products. Investigations by the European Commission and the Competition Bureau Canada - Criminal Matters Branch are also ongoing. The Company has provided as accruals for settlements and litigations of ¥3,814 million (\$42,279 thousand) as of September 30, 2009 for future outcome on these litigations and charge of an investigation by the European commission, currently assessed as probable and estimable.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

12. Segment Information

The Company is primarily engaged in a single business segment of development, design, manufacture and sale of DRAM products. Therefore, the disclosure related to business segment is omitted.

Geographical Segment Information

Three-month period ended September 30, 2008							
	Japan	North America	Asia	Europe	Total	Eliminations	Consolidated
	<i>(Millions of yen)</i>						
Sales and operating income:							
1. Sales to third parties	¥ 51,472	¥ 20,946	¥ 33,495	¥ 7,669	¥ 113,582	¥ -	¥ 113,582
2. Inter-segment sales and transfers	58,514	63	11	4	58,592	(58,592)	-
Total sales	¥ 109,986	¥ 21,009	¥ 33,506	¥ 7,673	¥ 172,174	¥ (58,592)	¥ 113,582
Operating income (loss)	¥ (25,956)	¥ 516	¥ 1,023	¥ (65)	¥ (24,482)	¥ (2)	¥ (24,484)

Three-month period ended September 30, 2009							
	Japan	North America	Asia	Europe	Total	Eliminations	Consolidated
	<i>(Millions of yen)</i>						
Sales and operating income:							
1. Sales to third parties	¥ 41,761	¥ 18,346	¥ 32,134	¥ 3,613	¥ 95,854	¥ -	¥ 95,854
2. Inter-segment sales and transfers	51,649	2	22,221	264	74,136	(74,136)	-
Total sales	¥ 93,410	¥ 18,348	¥ 54,355	¥ 3,877	¥ 169,990	¥ (74,136)	¥ 95,854
Operating income (loss)	¥ (2,747)	¥ 535	¥ 3,713	¥ 18	¥ 1,519	¥ (690)	¥ 829

Three-month period ended September 30, 2009							
	Japan	North America	Asia	Europe	Total	Eliminations	Consolidated
	<i>(Thousands of U.S. dollars)</i>						
Sales and operating income:							
1. Sales to third parties	\$ 462,931	\$ 203,370	\$ 356,213	\$ 40,051	\$ 1,062,565	\$ -	\$ 1,062,565
2. Inter-segment sales and transfers	572,542	22	246,325	2,927	821,816	(821,816)	-
Total sales	\$ 1,035,473	\$ 203,392	\$ 602,539	\$ 42,977	\$ 1,884,381	\$ (821,816)	\$ 1,062,565
Operating income (loss)	\$ (30,451)	\$ 5,931	\$ 41,160	\$ 200	\$ 16,840	\$ (7,650)	\$ 9,190

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

12. Segment Information (continued)

Six-month period ended September 30, 2008							
	Japan	North America	Asia	Europe	Total	Eliminations	Consolidated
	<i>(Millions of yen)</i>						
Sales and operating income:							
1. Sales to third parties	¥ 103,496	¥ 36,741	¥ 67,827	¥ 14,739	¥ 222,803	¥ -	¥ 222,803
2. Inter-segment sales and transfers	110,203	69	22	15	110,309	(110,309)	-
Total sales	¥ 213,699	¥ 36,810	¥ 67,849	¥ 14,754	¥ 333,112	¥(110,309)	¥ 222,803
Operating income (loss)	¥ (42,656)	¥ 682	¥ 2,019	¥ (148)	¥ (40,103)	¥ (3)	¥ (40,106)

Six-month period ended September 30, 2009							
	Japan	North America	Asia	Europe	Total	Eliminations	Consolidated
	<i>(Millions of yen)</i>						
Sales and operating income:							
1. Sales to third parties	¥ 72,229	¥ 34,767	¥ 54,511	¥ 6,917	¥ 168,424	¥ -	¥ 168,424
2. Inter-segment sales and transfers	92,098	2	41,243	272	133,615	(133,615)	-
Total sales	¥164,327	¥ 34,769	¥ 95,754	¥ 7,189	¥ 302,039	¥(133,615)	¥ 168,424
Operating income (loss)	¥ (39,627)	¥ 961	¥ (1,892)	¥ (234)	¥ (40,792)	¥ (690)	¥ (41,482)

Six-month period ended September 30, 2009							
	Japan	North America	Asia	Europe	Total	Eliminations	Consolidated
	<i>(Thousands of U.S. dollars)</i>						
Sales and operating income:							
1. Sales to third parties	\$ 800,676	\$ 385,401	\$ 604,268	\$ 76,677	\$1,867,022	\$ -	\$1,867,022
2. Inter-segment sales and transfers	1,020,929	22	457,189	3,015	1,481,155	(1,481,155)	-
Total sales	\$1,821,605	\$ 385,423	\$1,061,457	\$ 79,692	\$3,348,177	\$(1,481,155)	\$1,867,022
Operating income (loss)	\$ (439,275)	\$ 10,653	\$ (20,973)	\$ (2,594)	\$ (452,189)	\$ (7,649)	\$ (459,838)

- Notes: 1. Geographical distances are considered in segmentation of country or area.
2. Major countries or areas included in each segment other than Japan are as follows:
- (1) North America: The United States of America
 - (2) Asia: Hong Kong, Singapore, Taiwan
 - (3) Europe: Germany, Switzerland

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

12. Segment Information (continued)

Overseas Sales

	Three-month period ended September 30, 2008			
	North America	Asia	Europe	Total
	<i>(Millions of yen)</i>			
I. Overseas sales	¥31,243	¥22,052	¥24,418	¥ 77,713
II. Consolidated sales				113,582
III. Percentage of overseas sales over consolidated sales (%)	<u>27.5%</u>	<u>19.4%</u>	<u>21.5%</u>	<u>68.4%</u>
	Three-month period ended September 30, 2009			
	North America	Asia	Europe	Total
	<i>(Millions of yen)</i>			
I. Overseas sales	¥19,577	¥32,264	¥19,724	¥71,565
II. Consolidated sales				95,854
III. Percentage of overseas sales over consolidated sales (%)	<u>20.4%</u>	<u>33.7%</u>	<u>20.6%</u>	<u>74.7%</u>
	<i>(Thousands of U.S. dollars)</i>			
I. Overseas sales	\$217,016	\$357,654	\$218,645	\$793,315
II. Consolidated sales				1,062,565
III. Percentage of overseas sales over consolidated sales (%)	<u>20.4%</u>	<u>33.7%</u>	<u>20.6%</u>	<u>74.7%</u>

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

12. Segment Information (continued)

	Six-month period ended September 30, 2008			
	North America	Asia	Europe	Total
	<i>(Millions of yen)</i>			
I. Overseas sales	¥47,168	¥75,842	¥31,613	¥154,623
II. Consolidated sales				222,803
III. Percentage of overseas sales over consolidated sales (%)	21.2%	34.0%	14.2%	69.4%
	Six -month period ended September 30, 2009			
	North America	Asia	Europe	Total
	<i>(Millions of yen)</i>			
I. Overseas sales	¥37,553	¥54,668	¥31,732	¥123,953
II. Consolidated sales				168,424
III. Percentage of overseas sales over consolidated sales (%)	22.3%	32.5%	18.8%	73.6%
	<i>(Thousands of U.S. dollars)</i>			
I. Overseas sales	\$416,284	\$606,008	\$351,757	\$1,374,049
II. Consolidated sales				1,867,021
III. Percentage of overseas sales over consolidated sales (%)	22.3%	32.5%	18.8%	73.6%

- Notes: 1. Geographical distances are considered in classification of country or area.
2. Major countries or areas included in each segment except for Japan are as follows:
- (1) North America: The United States of America
 - (2) Asia: Hong Kong, Singapore, Taiwan
 - (3) Europe: whole Europe
3. Overseas sales represent sales of the Company and consolidated subsidiaries to countries and areas outside of Japan.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

13. Amount Per Share

	Six-month period ended			
	September 30, 2008	September 30, 2009		
	<i>(Yen)</i>	<i>(Yen)</i>	<i>(U.S. dollars)</i>	
Net loss:				
Basic	¥(351.63)	¥(359.80)	\$(3.99)	
Diluted	–	–	–	
	Three-month period ended			
	September 30, 2008	September 30, 2009		
	<i>(Yen)</i>	<i>(Yen)</i>	<i>(U.S. dollars)</i>	
Net loss:				
Basic	¥(245.53)	¥(49.77)	\$(0.55)	
Diluted	–	–	–	
	September 30, 2009	March 31, 2009		
	<i>(Yen)</i>	<i>(U.S. dollars)</i>	<i>(Yen)</i>	<i>(U.S. dollars)</i>
Net assets	¥885.32	\$9.81	¥1,181.45	\$13.10

For the three-month and six-month periods ended September 30, 2008 and 2009, diluted net income per share was not shown since the Company was in loss operation.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

13. Amount Per Share (continued)

Basis for calculation of net loss per share was as follows:

	Six - month period ended		
	September 30, 2008	September 30, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Net loss	¥(45,642)	¥(51,615)	\$(572,165)
Amount not attributable to common stock	–	89	987
1) Preferred dividend relating to Type 1 preferred stock	–	(30)	(333)
2) Preferred dividend relating to Type 2 preferred stock	–	(59)	(654)
Net loss attributable to common stock	<u>¥(45,642)</u>	<u>¥(51,704)</u>	<u>\$(573,152)</u>

	Six - month period ended	
	September 30, 2008	September 30, 2009
	<i>(Thousands of shares)</i>	
Weighted-average number of shares outstanding	<u>129,802</u>	<u>143,704</u>

	Three - month period ended		
	September 30, 2008	September 30, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Net loss	¥(31,873)	¥(7,167)	\$(79,448)
Amount not attributable to common stock	–	89	987
1) Preferred dividend relating to Type 1 preferred stock	–	(30)	(333)
2) Preferred dividend relating to Type 2 preferred stock	–	(59)	(654)
Net loss attributable to common stock	<u>¥(31,873)</u>	<u>¥(7,256)</u>	<u>\$(80,435)</u>

	Three- month period ended	
	September 30, 2008	September 30, 2009
	<i>(Thousands of shares)</i>	
Weighted-average number of shares outstanding	<u>129,812</u>	<u>145,785</u>

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

14. Subsequent Events

Business Combination

In August 2008, Elpida Memory (Taiwan) Co., Ltd., the Company's consolidated subsidiary in Taiwan, provided Powerchip Semiconductor Corporation ("PSC"), the Company's Taiwan-based foundry partner, with a short-term loan. PSC's shareholding in Rexchip Electronics Corporation ("Rexchip"), the Company's consolidated subsidiary, was used as collateral for the loan. In July 2009, the repayment of the loan came due. Since that time the Company and Elpida Memory (Taiwan) have been cooperating with PSC on settlement of the loan obligation.

Because the Company intends to strengthen its management of Rexchip, Elpida Memory (Taiwan) has acquired 350 million Rexchip shares from PSC on October 13, 2009 based on share purchase agreement between the two concluded on October 1, 2009. Elpida Memory (Taiwan) has made this payment by offsetting part of the outstanding balances of the loan. As a result of this acquisition, the Company's shareholding ratio in Rexchip increased from 52.0% to 64.0%.

The accounting treatment of this acquisition of shares is in accordance with transaction with minority interests under common control set forth in accounting standards for business combination.

The excess of purchase price of ¥10,772 million (\$119,410 thousand) over the estimated fair value of the increased net assets acquired will be ¥451 million (\$4,999 thousand). This will be recognized as goodwill and amortized one time because the amount is not material.